

BEFORE THE
ILLINOIS COMMERCE COMMISSION

ILLINOIS COMMERCE COMMISSION) DOCKET NO.
On Its Own Motion) 01-0692
-vs-)
MT. CARMEL PUBLIC UTILITY COMPANY)
Reconciliation of revenues collected)
under fuel adjustment charges with)
actual costs prudently incurred.)

Springfield, Illinois
August 15, 2002

Met, pursuant to notice, at 1:30 P.M.

BEFORE:

MR. LARRY JONES, Administrative Law Judge

APPEARANCES:

MR. ERIC BRAMLET
316 1/2 Market Street
P.O. Box 278
Mt. Carmel, Illinois 62863-0220

(Appearing on behalf of Mt. Carmel Public
Utility Company via teleconference)

MS. BONITA A. PEARCE
Financial Analysis Division
527 East Capitol Avenue
Springfield, Illinois 62701

(Appearing on behalf of Staff of the
Illinois Commerce Commission)

SULLIVAN REPORTING COMPANY, by
Carla J. Boehl, Reporter
Ln. #084-002710

APPEARANCES:

(Cont'd)

MR. JAMES D. SPENCER
Energy Division
527 East Capitol Avenue
Springfield, Illinois 62701

(Appearing on behalf of Staff of the
Illinois Commerce Commission)

I N D E X

<u>WITNESSES</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
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PHILIP BARNHARD

By Mr. Bramlet 13

By Judge Jones 17

JAMES D. SPENCER

By Judge Jones 20

BONITA A. PEARCE

By Judge Jones 22

I N D E XEXHIBITSMARKEDADMITTED

Mt. Carmel Exhibit 1.0 16 15

Mt. Carmel Exhibit 2.0 11 17

Mt. Carmel Exhibit 3.0 11 17

(Redacted and Non-Redacted)

Staff Exhibit 1.00 e-docket 21

Staff Exhibit 2.00 e-docket 23

PROCEEDINGS

(Whereupon Mt. Carmel Exhibit Numbers
2.0, 3.0 Redacted and
3.0 Non-redacted were
marked for purposes of
identification as of
this date.)

JUDGE JONES: On the record. Call for hearing
Docket Number 01-0692. This is the matter of the
Illinois Commerce Commission on its own motion
versus Mt. Carmel Public Utility Company,
reconciliation of revenues collected under fuel
adjustment charges with actual costs prudently
incurred.

At this time we will take the appearances
orally for the record, first on behalf of Mt.
Carmel.

MR. BRAMLET: My name is Eric Bramlet, last
name spelling is B-R-A-M-L-E-T. My post office box
is 278, Mt. Carmel, Illinois 62863, telephone number
(618) 263-3502.

JUDGE JONES: Thank you. Commission Staff.

1 MS. PEARCE: Appearing for the Accounting
2 Department of the Financial Analysis Division of the
3 Illinois Commerce Commission, my name is Bonita A.
4 Pearce. My address is 527 East Capitol Avenue,
5 Springfield, Illinois 62701, telephone number area
6 code (217) 785-5443.

7 MR. SPENCER: And appearing for the Engineering
8 Department, Energy Division, ICC Staff, my name is
9 James D. Spencer. My business address is 527 East
10 Capitol Avenue, Springfield, Illinois 62701. My
11 phone is (217) 782-6311.

12 JUDGE JONES: Thank you. Are there any other
13 appearances? Let the record show there are not.

14 As the parties are aware, several witnesses
15 have prefiled some testimony. Some of that has been
16 prefiled electronically and can be admitted into the
17 record as such. Other items, specifically some of
18 the exhibits sponsored or offered by Mt. Carmel,
19 will be marked as hard copy exhibits.

20 I think all of the witnesses sponsoring
21 testimony are present, either in person or by phone.
22 So I think what we can do is just have the witnesses

1 identify their testimony for purposes of today's
2 hearing. We will start with the Company, Mt.
3 Carmel, for that purpose.

4 Mr. Bramlet, does the Company call a
5 witness at this time?

6 MR. BRAMLET: Yes, we would call Mr. Philip
7 Barnhard.

8 JUDGE JONES: All right. We will swear
9 Mr. Barnhard in and we will go ahead and swear in
10 the Staff witnesses while we are at it.

11 (Whereupon the Witnesses were duly
12 sworn by Judge Jones.)

13 All right. Thank you. Go ahead,
14 Mr. Bramlet.

15 MR. BRAMLET: Thank you.

16 **PHILIP BARNHARD**

17 called as a Witness on behalf of Mt. Carmel Public
18 Utility Company, having been first duly sworn, was
19 examined and testified as follows:

20 DIRECT EXAMINATION

21 BY MR. BRAMLET:

22 Q. Mr. Barnhard, would you please state your full

1 name and business address for the record.

2 A. Philip Barnhard, Mt. Carmel Public Utility
3 Company, 316 Market Street, Post Office Box 750, Mt.
4 Carmel, Illinois 62863. Phone number is (618)
5 262-5115.

6 Q. Thank you. Have you prepared written testimony
7 in this docket?

8 Do you have before you a copy of your direct
9 testimony which includes Exhibits E-1 and E-2 along
10 with an auditor's report by Deloitte and Touche?

11 JUDGE JONES: We are not hearing Mr. Barnhard's
12 responses. Maybe you need to pause a little bit
13 before answering.

14 THE WITNESS: I will lean forward. I have the
15 exhibits before me.

16 Q. And has this been marked Mt. Carmel Exhibit
17 1.0?

18 A. Yes.

19 Q. Did you prepare Mt. Carmel Exhibit 1.0?

20 A. I did.

21 Q. Is the information contained in Exhibit 1.0,
22 along with Exhibit E-1 and E-2, true and correct to

1 the best of your knowledge and belief?

2 A. Yes, it is.

3 Q. The same would be true for the auditor's report
4 prepared by Deloitte and Touche?

5 A. Yes, it is.

6 MR. BRAMLET: Mr. Jones, we would move for
7 admission into evidence of Mt. Carmel Exhibit 1.0
8 and tender Mr. Barnhard for cross examination.

9 JUDGE JONES: Thank you. Does Staff have any
10 objections to admitting Mt. Carmel Exhibit 1.0?

11 MS. PEARCE: No.

12 JUDGE JONES: Let the record show Mt. Carmel
13 Exhibit 1.0, which also includes as attachments
14 so-called Exhibits E-1 and E-2, are admitted into
15 the evidentiary record.

16 (Whereupon Mt. Carmel
17 Exhibit 1.0 was admitted
18 into evidence.)

19 I am double checking the e-docket system to
20 see how exactly those were filed, and it appears
21 that they were filed by U.S. Mail. In that event,
22 we will have the court reporter actually mark for

1 identification that particular exhibit in the manner
2 described by Mr. Bramlet, and that will be Mt.
3 Carmel Exhibit 1.0.

4 (Whereupon Mt. Carmel
5 Exhibit 1.0 was marked
6 for purposes of
7 identification as of
8 this date.)

9 Does Mt. Carmel also offer Mt. Carmel
10 Exhibits 2.0, 3.0 Non-redacted and 3.0 Redacted?

11 MR. BRAMLET: Yes, we would. And we would ask
12 that the non-redacted 3.0 be given confidential
13 proprietary treatment.

14 JUDGE JONES: Does Staff have any objections to
15 that request?

16 MS. PEARCE: No, we don't.

17 JUDGE JONES: Let the record show those
18 exhibits are admitted into the evidentiary record,
19 Mt. Carmel Exhibits 2.0, 3.0 Redacted, which is a
20 public exhibit, and 3.0 Non-Redacted, which is a
21 confidential exhibit to be treated confidentially.

22 (Whereupon Mt. Carmel

1 Exhibits 2.0, 3.0

2 Redacted and 3.0

3 Non-Redacted were

4 admitted into evidence.)

5 Mr. Barnhard, I just have a couple of
6 questions for you. Can you hear me okay?

7 THE WITNESS: I hear you quite well, thank you.

8 EXAMINATION

9 BY JUDGE JONES:

10 Q. Referring to the very last page of Exhibit E-2,
11 there is a column there called Fuel Costs Collected
12 Through Base Rates. Do you see that column?

13 A. Yes, sir. That is actually, I believe, the
14 auditor's report, so marked.

15 Q. And that's a back page of Attachment E-2, is
16 that right?

17 A. That's the next to the last page -- yeah, it's
18 the last page of Exhibit E-2.

19 Q. And there is an amount shown there for each
20 month?

21 A. Correct.

22 Q. Could you just indicate briefly for the record

1 how those amounts were arrived at?

2 A. Adjustment clause revenues are the revenues as
3 collected for the fuel adjustment charge each month.
4 The fuel costs collected through base rates are
5 arrived at by multiplying the base rate of 7.6 mils
6 per kilowatt hour by the number of kilowatt hours
7 that were applied to energy that was subject to the
8 fuel adjustment charge. And the recoverable
9 purchase power was the actual power purchased each
10 month from Ameren Energy, which ideally should be a
11 zero match but we have actually the difference
12 between the sum of Columns 1 and 2 and Column 3 to
13 get the monthly over and under recovery. And then
14 the final column on the right is the accumulative
15 fuel adjustment clause balance, over or under, and
16 that corresponds to what we have booked on our
17 general ledger for the fuel adjustment clause.

18 Q. Now, with respect to the BFC cost of .76, does
19 that appear in the Company's FAC tariffs?

20 A. It does indeed. It is in the fuel adjustment
21 charge tariff which was submitted as Exhibit E-1.

22 Q. And is that value bundled into the energy

1 charge rate shown in the Company's base rate
2 tariffs?

3 A. It is bundled in and not broken out separately
4 in the individual tariffs.

5 Q. And when was that BFC established, if you
6 recall?

7 A. Approximately 1972.

8 Q. And that cost of .76 was established by whom?

9 A. I don't recall the total details, but I believe
10 our most recent rate case prior to the establishment
11 of the fuel adjustment charge gave the basis for
12 establishing the base rate fuel in the days when
13 prices were quite level as opposed to starting to
14 get quite wild, due at that time to oil prices,
15 natural gas prices, fluctuating at a fairly great
16 rate. I believe the Arab oil embargo had taken
17 place at that point. I remember there was a lot of
18 turmoil in the fuel markets.

19 Q. Now, has that BFC remained at the same rate
20 ever since?

21 A. To my knowledge it has.

22 JUDGE JONES: Okay. Thank you, Mr. Barnhard.

1 Does Staff have any or Company have any follow-up
2 questions?

3 MS. PEARCE: No.

4 JUDGE JONES: Okay. They do not. Thank you,
5 Mr. Barnhard.

6 We will move onto the Commission Staff
7 witnesses. I think both of these witnesses put in
8 testimony or filed testimony electronically. Who
9 wants to lead off?

10 **JAMES D. SPENCER**

11 called as a Witness on behalf of Staff of the
12 Illinois Commerce Commission, having been first duly
13 sworn, was examined and testified as follows:

14 DIRECT EXAMINATION

15 BY JUDGE JONES:

16 Q. All right, sir. Would you just identify
17 yourself and briefly identify your testimony,
18 please.

19 A. My name is James D. Spencer. I am with ICC
20 Staff in the Engineering Department of the Energy
21 Division. My business address is 527 East Capitol,
22 Springfield, Illinois 62701, phone number (217)

1 782-6311. My testimony was filed as ICC Staff
2 exhibit 2.00. I believe it is dated June 19, 2002.

3 Q. That's the date it was filed electronically?

4 A. I believe so, yes. Is that correct, Bonnie,
5 you think?

6 MS. PEARCE: I believe so.

7 A. I believe so.

8 Q. And is that testimony true and correct?

9 A. Yes, sir.

10 Q. Are you offering that into evidence at this
11 time?

12 A. Yes, I am.

13 JUDGE JONES: Any objections, Mr. Bramlet?

14 MR. BRAMLET: I have none.

15 JUDGE JONES: Let the record show Staff Exhibit
16 2.00 consisting of the prepared testimony of
17 Mr. Spencer is hereby admitted into the evidentiary
18 record as filed electronically on June 19, 2002.

19 (Whereupon Staff Exhibit
20 2.00 was admitted into
21 evidence.)

22 Are there any questions for the witness?

1 Okay, there are not. We will move onto the next
2 staff witness.

3 **BONITA A. PEARCE**

4 called as a Witness on behalf of Staff of the
5 Illinois Commerce Commission, having been first duly
6 sworn, was examined and testified as follows:

7 DIRECT EXAMINATION

8 BY JUDGE JONES:

9 Q. Would you identify yourself and any testimony
10 you are sponsoring, please.

11 A. My name is Bonita A. Pearce. I am an
12 accountant in the Financial Analysis Division of the
13 Illinois Commerce Commission. My business address
14 is 527 East Capitol Avenue, Springfield, Illinois
15 62701. I prepared Staff Exhibit 1.00 in this
16 docket. It is dated June 19, 2002, and that's the
17 date it was filed electronically.

18 Q. If you were to offer that same testimony orally
19 today, would your answers be the same?

20 A. Yes, they would.

21 Q. Are you offering that exhibit into evidence?

22 A. Yes, I am.

1 JUDGE JONES: Mr. Bramlet, do you have any
2 questions for the witness?

3 MR. BRAMLET: No, I do not.

4 JUDGE JONES: Do you have any objections to the
5 testimony being put in?

6 MR. BRAMLET: No, Your Honor.

7 JUDGE JONES: Let the record show that
8 Ms. Pierce's testimony marked as Staff Exhibit 1.00
9 is hereby admitted into the evidentiary record as
10 filed electronically on June 19, 2002.

11 (Whereupon Staff Exhibit
12 1.00 was admitted into
13 evidence.)

14 I think that covers the witness testimony.
15 With respect to any post-hearing filings, it's my
16 understanding that there is agreement that a
17 suggested order will be filed by Mt. Carmel on
18 September 13. That will be preceded by a draft of
19 that being filed with the Commission Staff not later
20 than September 6. Is that agreeable to the Company?

21 MR. BRAMLET: Yes, it is.

22 JUDGE JONES: Is that satisfactory to the

1 Staff?

2 MS. PEARCE: Yes.

3 JUDGE JONES: The only filing which will
4 actually be made with the Clerk's office would be
5 the September 13 filing.

6 I think that's it. Do the parties have
7 anything else for the record?

8 MS. PEARCE: No, Your Honor.

9 JUDGE JONES: Let the record show this hearing
10 is over. This matter is marked heard and taken.

11 HEARD AND TAKEN

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